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PRESS RELEASE

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New York Lawyer Pleads Guilty to Making a False Statement in Connection with Securities Fraud Investigation

Washington, D.C. - Melissa A. Mahler, 42, an attorney licensed to practice law in New York, has pleaded guilty to a one count Information charging her with making a false statement, U.S. Attorney Channing D. Phillips announced today. Mahler, of Rochester, New York, pleaded guilty today in the U.S. District Court for the District of Columbia before the Honorable Henry H. Kennedy, Jr. Mahler faces a statutory maximum term of five years in prison on the charge, although her sentencing has not yet been scheduled. As part of the plea agreement, Mahler agreed to forfeit \$63,750.

In connection with the guilty plea and as set forth in the executed Statement of Offense and Conduct Related to Forfeiture, Mahler acknowledged that from approximately September 2003 through December 2004, she practiced law as an attorney at the law firm of Nixon Peabody, LLP, specializing in corporate and securities law. She admitted that, in or about July 2004, one of her clients, an executive of a publically traded company, informed her of a plan to sign a letter of intent for an acquisition of a privately held company. Soon after learning this non-public information, in breach of her duty to maintain the confidentiality of that information, Mahler used the information for her own benefit and purchased 10,000 shares of the publicly traded company. Two days later, shortly after the publically traded company announced that it had entered into a letter of intent to acquire the privately held company, Mahler sold her shares and realized a gain of approximately \$5,800 on her unlawful trade. Mahler admitted that she falsely denied placing the order when questioned by attorneys from the United States Securities and Exchange Commission (SEC) concerning her July 2004 stock transactions. Mahler also admitted that she falsely informed the SEC attorneys that she initially learned about the purchase of the 10,000 shares after she received her account statement and that her husband had authority to make purchases on her account.

In addition, as part of a separate transaction, Mahler admitted that in or around 2004, the Chief Executive Officer of a Newport Beach, California investment banking firm informed her of an opportunity to acquire warrants for the purchase of shares of a Chinese company. The CEO explained that the warrants were extremely valuable because the Chinese company was planning

an IPO and would be the first China related company to be listed in Japan. The CEO also stated, however, that neither his name nor his Newport Beach investment banking firm's name could be associated with the purchase of the warrants. At the CEO's direction, Robert S. Brown, an attorney who on November 3, 2009, pleaded guilty to Obstruction of Justice before Judge Kennedy, formed a limited liability company that would own the warrants but have no visible connection to the CEO, his company or Mahler. At the CEO's direction, Mahler used a friend who was a prison guard as the nominee and signed his name to a document related to the warrants. Through these actions and others, the LLC obtained the right to purchase shares of the Chinese company at a cost of approximately \$5 million. In April 2005, Mahler received \$100,000 from the LLC. As part of Brown's plea agreement, he admitted that those shares ultimately generated proceeds exceeding \$20 million, which were distributed primarily to three insiders at the Chinese company, including the CEO of the investment banking firm. The investigation into this transaction and a series of related transactions continues. As part of their plea agreements, both Mahler and Brown have agreed to cooperate in the investigation.

In announcing the guilty plea, U.S. Attorney Phillips praised the investigative efforts of agents of the Federal Bureau of Investigation. He also recognized the efforts of several U.S. Attorney's Office employees, including Forensic Accountant Crystal Boodoo, Legal Assistant Jamasee Lucas and Paralegal Specialist Sarah Reis, and commended the efforts of Special Assistant U.S. Attorney Keshia West and Assistant U.S. Attorneys Vasu B. Muthyala and Michael K. Atkinson, who are prosecuting these cases.

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